5. Labor Market

Increase in Employment

In 2025, the domestic economy maintained steady growth, leading to a stable labor market. The number of employed persons steadily increased from 11.62 million at the beginning of the year to 11.65 million by the end of the year. The annual average employment was 11.63 million persons, representing an increase of 30 thousand persons or 0.26% compared to the previous year.

By sector, the annual average employment in the services sector increased by 42 thousand persons or 0.60% year on year, while the industrial and agricultural sectors declined by four thousand persons (0.10%) and eight thousand persons (1.54%), respectively. Of total employment, the services sector accounted for the highest share at 61.01%, up by 0.20 percentage points from the previous year. On the other hand, the industrial and agricultural sectors accounted for 34.81% and 4.18%, respectively, down by 0.13 and 0.08 percentage points from the previous year.

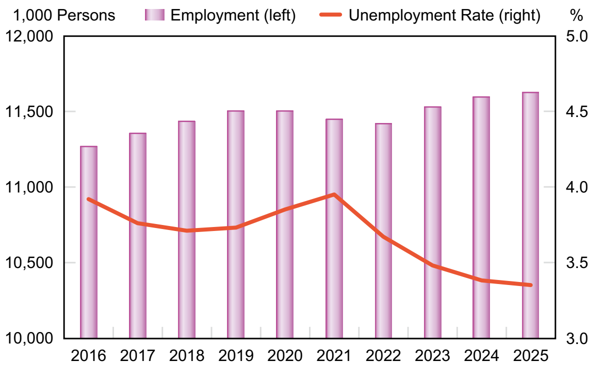
By occupation, white-collar workers made up 47.01% of total employment, increasing by 35 thousand persons or 0.64%. Service and sales employment, comprising 20.16% of total employment, grew by 16 thousand persons or 0.68%. In contrast, the number of blue-collar workers, who accounted for 32.83% of total employment, declined by 21 thousand persons or 0.55%.

Lowest Unemployment Rate Since 2001

In 2025, the unemployment rate generally trended downwards to 3.30% in December, except for seasonal fluctuations such as the post-Lunar New Year period (February to March) and the summer period (June to August) due to job transitions and new graduates entering the labor market. For the year as a whole, the unemployment rate averaged 3.35%, marking the lowest level since 2001.

Under improved employment conditions, the average unemployment duration decreased by 0.90 weeks over the previous year to 19.87 weeks. In terms of age groups, unemployment duration declined across all age brackets. The age group 65 and above saw the largest reduction of 6.95 weeks to 13.78 weeks, followed by the age

Employment and Unemployment Rate

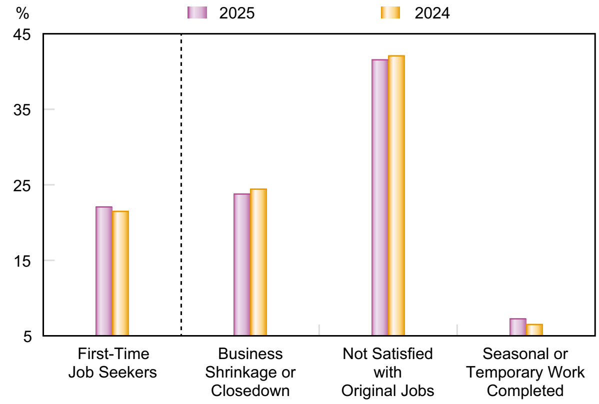


Source: DGBAS, Executive Yuan.

group 45-64 with a decrease of 1.38 weeks to 20.76 weeks. Additionally, the number of the long-term unemployed[3] fell by four thousand persons to 45 thousand persons.

Total unemployment was 403 thousand persons in 2025, decreasing by three thousand persons or 0.82% compared to the previous year. This was mainly driven by a decline in experienced job seekers, who accounted for 77.77% of total unemployment and whose number fell by five thousand persons or 1.64%.

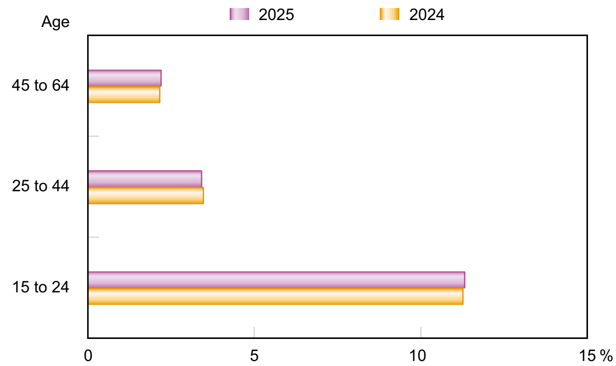
Among experienced job seekers, those who lost their jobs due to business shrinkage or closedown saw the largest reduction of four thousand persons or 3.53%. Their share of total unemployment declined from 24.55% the previous year to 23.88%, reflecting the positive impact of economic expansion on reducing involuntary unemployment. Unemployment owing to dissatisfaction with original jobs also fell by four thousand persons or 2.03% from the previous year, though it remained the leading cause of unemployment with the highest share at 41.83%. Conversely, unemployment due to the conclusion of seasonal or temporary work, accounting for 7.37%, increased by three thousand persons or 9.59%.



Source: DGBAS, Executive Yuan.

In 2025, the unemployment rate of the age group 25-44 declined by 0.06 percentage points from the previous year to 3.41%. The unemployment rate of the age group 15-24 edged up by 0.05 percentage points to 11.32%, the highest among all age groups. The unemployment rate of the age group 45-64 also edged up by 0.04 percentage points to 2.20%.

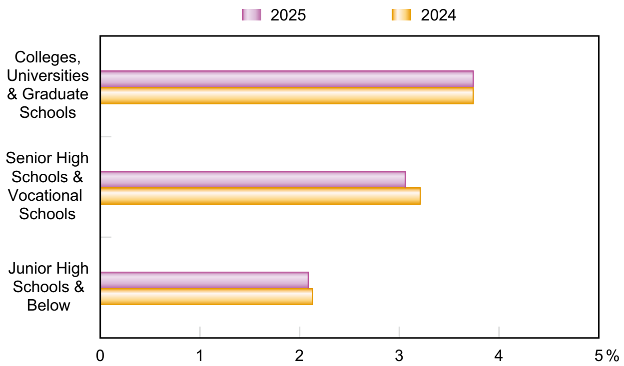
In terms of educational background, the unemployment rate of workers with a junior high school degree or below and that of workers with a senior high school or vocational school degree declined by 0.04 and 0.15 percentage points to 2.09% and 3.06%, respectively. The unemployment rate of those with a college degree or higher remained unchanged from the previous year at 3.74%.



Source: DGBAS, Executive Yuan.

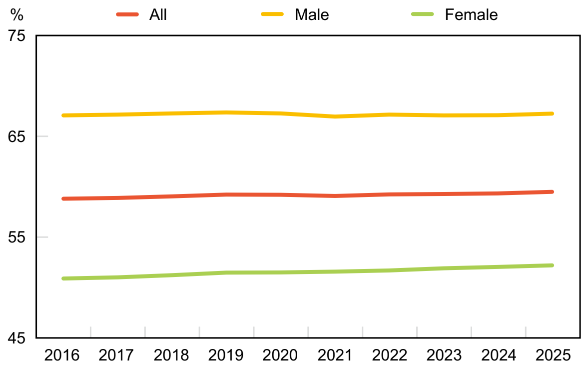
[3] Referring to those who have been unemployed for one year or more.

Unemployment Rate by Educational Background



Source: DGBAS, Executive Yuan.

Labor Force Participation Rate



Source: DGBAS, Executive Yuan.

Both Labor Force and Labor Participation Rate Increased

In 2025, the labor force (employed and unemployed combined) reached 12.03 million persons, an increase of 27 thousand persons or 0.23% from the previous year. Meanwhile, the non-labor force[4] population decreased by 32 thousand persons or 0.39% to 8.21 million persons. The annual average labor force participation rate rose by 0.15 percentage points over the previous year to 59.43%, the highest since 1990.

In terms of gender, the male labor force participation rate increased by 0.14 percentage points over the previous year to 67.22%. The female labor force participation rate, which has risen steadily since 2010, increased by 0.17 percentage points to 52.12% in 2025, reflecting the positive outcomes of the government's long-term commitment to promoting gender equality, improving workplace conditions, and supporting women's employment.

In terms of age groups, the labor force participation rates increased across all age brackets in 2025. The labor force participation rates of the 15-24, 25-44, and 45-64 age groups increased by 0.98, 0.42, and 1.01 percentage points to 38.17%, 91.44%, and 68.22%, respectively. Although Taiwan's labor force participation rate has gradually rebounded since 2022, structural factors such as extended schooling, which delays labor market entry among younger cohorts, and early retirement among middle-aged and older workers, continue to keep Taiwan's labor force participation rate below those of countries such as the United States (62.4%), Japan (63.8%), South Korea (64.7%), and Singapore (67.9%). In response to an aging workforce, the government has been actively

[4] The top three reasons for non-participation in the labor force in 2025 were "old age or disability" (accounting for 39.31% of the total non-labor force), "housekeeping" (30.66%), and "attending school or preparing for entrance exam" (18.25%).

implementing measures[5] to promote employment among middle-aged and elderly workers, and these efforts are expected to yield positive results in the future.

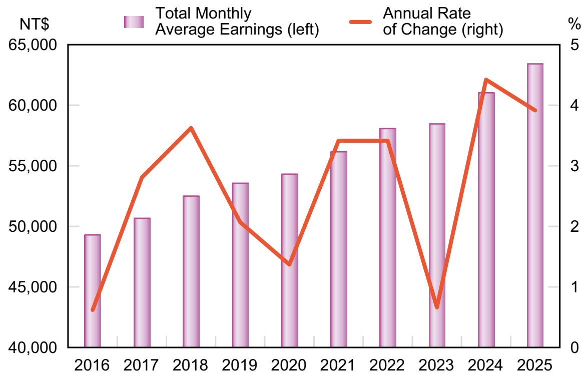
In terms of educational background, the labor force participation rate of workers with a college degree or above rose by 0.13 percentage points to 67.56% in 2025, while those of workers with a junior high school degree or below and of workers with a senior high school or vocational school degree dropped by 0.73 and 0.06 percentage points to 35.24% and 61.37%, respectively.

Moderate Wage Growth

For the year 2025, the total monthly average earnings per worker in the nonfarm sector (industrial and services sectors) reached NT$63,386, with an annual growth rate of 3.91%. Accounting for inflation, the real total monthly average earnings increased by 2.21% to NT$57,834, the largest increase since 2019.

In terms of major sectors, driven by rising labor productivity because of strong export growth, wage growth in the industrial sector recorded the highest rate in four years. The services sector grew at a slower pace due to a slowdown in the real estate sector and subdued private consumption growth, although employers adjusted wages higher in response to the continued increase in the minimum wage. The total monthly average earnings in the industrial and services sectors were NT$67,135 and NT$60,839, growing by 5.44% and 2.81%, respectively, while real wages in these two sectors increased by 3.72% and 1.13%, respectively.

Amount and Growth of Total Monthly Average Earnings of Nonfarm Workers



Source: DGBAS, Executive Yuan.

In terms of industrial classification, the finance and insurance sector had the highest total monthly average earnings at NT$110,080, and the electricity and gas supply sector ranked second at NT$97,961. In contrast, the education sector[6] and the accommodation and food services sector had relatively lower total monthly average earnings at NT$35,245 and NT$39,030, respectively, owing to the high proportion of part-time employees in these sectors. In terms of growth rates, the water supply and remediation activities sector registered the fastest growth at 5.73%, followed by the manufacturing sector at 5.72%.

[5] To promote employment among middle-aged and senior workers, the government enacted the "Act for Promoting the Employment of Middle-Aged and Elderly Persons," which was implemented in December 2020. The Ministry of Labor has also implemented the "Employment Promotion Program for Middle-Aged and Elderly Persons (2023–2025)."

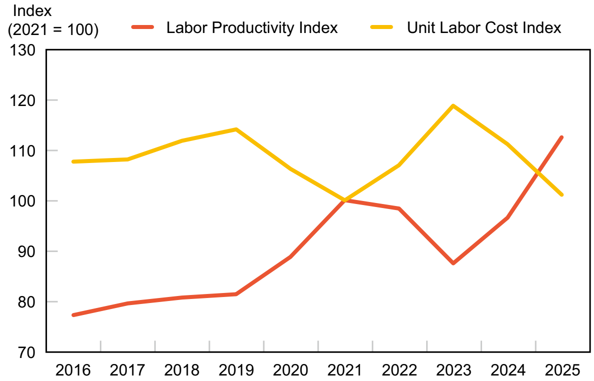
[6] Excluding schools at all levels within the formal education system (except preschools).

Remarkable Increase in Labor Productivity and Declining Unit Labor Cost

With production growth outpacing the increase in working hours, labor productivity in the industrial and manufacturing sectors rose by 16.68% and 18.24% year on year, respectively. Within the manufacturing sector, the computers, electronic, and optical products sector registered the highest increase in labor productivity with 50.51%, followed by the electronic parts and components sector at 21.33%, both reflecting robust demand for electronic and ICT products driven by the wave of artificial intelligence applications.

Since total earnings increased at a slower pace than production output, unit labor cost indices in the industrial and manufacturing sectors declined by 9.09% and 10.25% year on year, respectively. Among all manufacturing sectors, unit labor costs in the computers, electronic, and optical products sector saw the steepest decline, falling by 32.08%.

Labor Productivity and Unit Labor Cost of Industrial Sector



Source: DGBAS, Executive Yuan.